

# **DIRECT PAY PILOT PROGRAM**

## **Uniform Physical Condition Standards Inspection Services**

### **BIDDING INSTRUCTIONS**

#### **1. Program Announcement**

PIH-REAC will send an email notice to the participants in the reverse auction bidding process providing:

- The total number of properties to be included in the auction;
- The amount of time the auction will remain open for bidding; and
- The period during which the inspections must be scheduled.

#### **2. Property Posting**

Once the notice described in 1. above has been sent, PIH-REAC will post the properties to the reverse auction website.

#### **3. Inspector Training**

PIH-REAC will provide training to the participants in the pilot program before the reverse auction begins. The training includes a conference call to answer questions about the pilot program and provide a refresher of the inspection protocol. Online training in the use of the reverse auction website will be provided by the web site vendor.

#### **4. Reverse Auction Website Access**

HUD's auction Website vendor will provide each bidder with login credentials to access the secure reverse auction website. If the bidder has any problems with the supplied user id and password, he/she may contact the help desk of the assigned web site vendor from 9:00 a.m. to 9:00 p.m. Eastern Standard Time.

#### **5. Property Listing and Search**

The website will contain the following information on listed properties:

- Identification – Property ID;
- Current inspection number;
- Property location;
- Property size – building and unit count;
- Estimated sample size;
- Scattered-site identification;
- Estimated inspection time (half-day/full day/two-day/multi-day); and
- Cognizant HUD field office identification.

Bidders may search for specific properties using any of the criteria above.

## 6. Lot Auction

Property inspections may be listed in groups called lots. When inspections are listed in lots, bidders must bid on the entire lot, i.e., they may not bid on individual inspections within the lot. The system will not accept bids for less than the entire lot. The eligible bidder offering to perform all of the inspections in a group for the lowest total price will be awarded the assignment. Each inspection within the lot remains distinct. The winning bidder will schedule and conduct each inspection separately, and PIH-REAC will pay the inspector directly for each accepted inspection. Failure to perform all work assigned may necessarily exempt the inspector from future participation in the pilot and subsequent inspection services.

## 7. Bidding Process

The bidder chooses the property inspections he/she wishes to bid on and submits a separate bid for each (unless the properties are included in a lot, see 6 above). Inspectors may place bids in predetermined dollar decrements. For each inspection or lot of inspections, PIH-REAC will set a not-to-exceed (i.e., upper) bid limit and a minimum (floor) bid. Bidding will continue until the scheduled auction closing time, or the minimum bid limit is reached, whichever comes first.

## 8. Bidding Proxy

The reverse auction website includes a proxy bid utility (“proxy”) that bidders may use at their discretion. The bidder decides what his/her lowest (i.e., floor) bid will be and enters that amount in the proxy. After the bidder enters his/her initial bid in the auction, the proxy will enter successively lower bids on the bidder’s behalf to counter any lower bids made by other bidders. The bidder using the proxy will not have to be logged on to the reverse auction website for the proxy to work. The proxy enters lower bids in predetermined decrements (i.e., \$5 lower than the last low bid).

***(CAUTION: The proxy will not allow a floor bid lower than the minimum bid limit set by PIH-REAC for the inspection.)***

**Proxy Example:** An auction starts with an opening price of \$500. Bidder A enters a bid of \$475 and a proxy bid minimum of \$400. Bidder B subsequently enters a bid of \$450. The proxy automatically enters a bid of \$445 on behalf of bidder A. Bidder B then enters a bid of \$400. The proxy will not enter another bid for Inspector A, since his/her floor bid price has been reached. Inspector A may, however, continue to enter lower bids manually, if desired, until the auction closes.

The system will verify bid information and proxy prior to submittal. PIH-REAC will not be able to view the inspectors’ proxy profiles.

## 9. Extensions and Suspension of Bidding Period

The system will allow for automatic extension of the bid closing time, *if* a bid is received within one minute prior to the end of the auction period. The extension will be for a period designated by HUD. Upon auction extension, the system will notify the bidders of the extension and include the time the auction event will remain open. Proxy bidding will continue during the extension. There may be up to three extensions allowed.

HUD may extend or suspend the auction due to technical problems or administrative reasons at any point during an auction.

## **10. Bidder Eligibility**

To be eligible to receive a purchase order, a bidder must be eligible to participate in Federal contracts, i.e., not be debarred or suspended or not subject to a HUD Limited Denial of Participation. Further, to avoid the possibility of any conflict of interest and to ensure compliance with HUD inspection protocols, the following criteria shall be met by individuals upon prior to the performance of a UPCS inspection assignment from HUD. The term “interest” refers to direct interest as well as any interest held by relatives, business associates, or other controlled persons. An inspector:

- (a) may not accept any inspection assignment for a property in which I have an interest in its ownership or management.
- (b) will read and will comply with HUD inspection protocol and all other HUD instructions and standards in performing all inspections.
- (c) will not repair any conditions they find during inspections and will not endorse or recommend individuals or businesses for repair work (including any business) in which they have a financial interest.

All inspectors who are proposed to perform inspections must:

- Complete PIH-REAC inspection training;
- Carry a minimum of \$500,000 of General Liability insurance;
- Maintain active Uniform Physical Condition Standards (UPCS) certification, and provide current contact information to PIH-REAC; and,
- Not have exceeded the allowable number of inspection days in the current month (see item 11. Inspection Limitation, below).

## **11. Inspection Limitation**

The estimated amount of time required to perform the inspections awarded to the inspector is documented by HUD, and is electronically monitored and verified as auctions are incrementally closed. Inspectors are limited in the amount of inspections they may be awarded to 18 inspection days per month (no inspections may be scheduled for weekends or Federal holidays, thereby leaving an average of 20 available days in any given month). This limitation is imposed to ensure sufficient time is available for the inspector to perform each awarded inspection and preclude over-scheduling of an inspector that may cause other scheduled inspections to be delayed. When an inspector logs into the system using his/her secure user id and password, the system will display the number of inspection days the inspector has scheduled. Once the maximum number of estimated inspection days is reached for a given month, the system will ignore all other pending bids submitted by that bidder.

## **12. Bid Award**

At the completion of the auction, HUD will award inspection purchase orders (individually or by lot, if offered in lots) to the lowest eligible bidder. If the lowest bidder is determined to be ineligible to receive the award, the Government may award the inspection to the next lowest bidder or repost the inspection for auction.

### 13. Award Notification

HUD will notify the successful low bidder electronically. The award notification will include the following information for each inspection awarded:

- Scheduled Inspector's ID;
- Amount of winning bid;
- Estimated inspection days;
- Required completion date; and
- Property contact information needed for scheduling the inspection. (Please refer to the purchase order work statement and terms and conditions for an explanation of the scheduling requirements.)

Inspectors are responsible for contacting PIH-REAC immediately if information in this award notification is incorrect.

### 14. Purchase Order and Payment

HUD will make all purchases under this pilot program using the Government Commercial Purchase Card (i.e., its credit card). HUD will **not** issue any paper purchase order. All terms and conditions governing the order are posted on the PIH-REAC's Inspector Administration Web site.

***ALERT!*** Winning bidders will be paid for acceptable inspections via credit card and must become credit card vendors, if they are not already. HUD will absorb certain costs involved with credit card transactions for the pilot program only (see section 5 of the Purchase Order Terms and Conditions).